

In re Application No. 96-1	)	
	)	
of	)	TIDEWATER BARGE LINES, TIDEWATER
	)	TERMINAL COMPANY, AND MARITIME
OLYMPIC PIPELINE COMPANY	)	ENVIRONMENTAL COUNCIL'S
	)	<b>OPENING STATEMENT</b>
For Site Certification	)	
_____	)	

Olympic Pipeline Company submitted an Application for site certification of a proposed pipeline that will run 227 miles across some of the most beautiful and pristine areas of the State of Washington. Olympic proposes this 110,000 barrel per day pipeline to meet an approximate 1,000 barrel per day annual increase in growth in central and eastern Washington. Olympic proposes to add this 110,000 barrel per day capacity to the current multi-modal transportation system which has a present capacity of approximately 160,000 barrels per day, in order to serve the existing consumption in central and eastern Washington of only 65,000-70,000 barrels per day.

To serve this non-existent need Olympic proposes to cross 300 streams and waterways, 78 wetlands, trench through extremely sensitive State Parks, and directionally drill beneath the a difficult geologic area of the Columbia River, directly above the last, most sensitive natural spawning bed of fall Chinook on a free flowing part of the Columbia River (the Hanford Reach).

## 1 - TIDEWATER'S OPENING STATEMENT

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Olympic continues to pursue this proposal despite the fact that there is no need for the pipeline to serve eastern Washington; that the proposal fails to address the petroleum transportation and environmental problems along the existing pipeline from Puget Sound to southwest Washington and northern Oregon; that the present multi-modal transportation system has substantial excess capacity; that the present multi-modal transportation system is far safer to the environment than the proposal and will not require the destruction of any sensitive environmental areas; that the proposed pipeline will potentially add cumulative risk of petroleum release by not replacing petroleum barging on the Columbia and Snake River, but merely supplementing it; and that the project poses an unacceptable risk to the grain-based economies of central and eastern Washington adjacent to the Columbia and Snake Rivers.

**1. There is no need for the pipeline.**

The proposed pipeline is not needed to supply petroleum to central and eastern Washington. Under EFSEC's enabling legislation, Olympic has the burden of proving that, after balancing any increased demand for energy against protection of the environment and the desire to provide "abundant energy at reasonable cost," the balance weigh in favor of project approval. RCW 80.50.010. Olympic's Application completely fails to meet this burden.

Central and eastern Washington consume approximately 65,000 to 70,000 barrels of refined petroleum per day. The current transportation system has the present capacity to provide almost 160,000 barrels per day. There are approximately 85,000 to 90,000 barrels of unused capacity on the current transportation system. Thus, central and eastern Washington already have "abundant energy."

This abundant energy is also at extremely reasonable cost. Because of the high amount of unused capacity on the current transportation system (double the consumption amount), the citizens of central and eastern Washington currently enjoy some of the lowest gasoline prices in the Pacific Northwest.

1 The multi-modal transportation system to central and eastern Washington, coupled with  
2 100% excess supply, are the primary reasons that retail prices are so low. **Abundant energy.**  
3 **Reasonable cost.** Both will exist in that area of the state for the foreseeable future.

4 There is no evidence that central and eastern Washington will “need” yet another source  
5 of supply in the foreseeable future. Over the next twenty years, the population of central and  
6 eastern Washington is expected to rise by only 370,000 people, while over the same period, the  
7 population in western Washington and western Oregon is expected to rise by over 2,000,000  
8 people. The proposed pipeline will be serving a petroleum need that has annually grown only  
9 1,000 barrels per day over the last five years.

10 Olympic has not shown that the pipeline is needed, or shown a lack of “abundant energy.”  
11 Olympic has not shown that the petroleum is not available in central and eastern Washington at  
12 “reasonable cost.” Finally, Olympic has not shown that the projected growth in central and  
13 eastern Washington will require an additional pipeline to meet demand over the foreseeable  
14 future.

15 On whole, Olympic’s Application does not meet the fundamental test of being needed or  
16 necessary to meet increasing energy demands.

17 **2. The current multi-modal transportation system is safer and presents less risk to the**  
18 **environment than constructing and operating a 227 mile pipeline through the Cascade**  
19 **Mountains, and across pristine areas of the State.**

20 The facts conclusively show that the multi-modal transportation system is much safer  
21 than the proposed pipeline.

22 Tidewater is a Vancouver-based company which employees over 200 people along the  
23 Columbia River, and in Pasco and Clarkston, Washington. Tidewater operates numerous grain,  
24 container, dry product, liquid product, and petroleum barges on the Columbia River. Tidewater  
25 employs 89 individuals in its petroleum operations, including individuals at its terminals.  
26 Tidewater has been a leader in environmental awareness and preparation among river barge

3 - TIDEWATER’S OPENING STATEMENT

companies and is very proud of its spill response history. Tidewater is able to respond to a teaspoon spill of petroleum, anywhere on the Columbia River where it operates, within approximately 2 hours. Tidewater constantly trains and prepares its employees to respond to even the slightest petroleum spill, and has an extensive and comprehensive written spill response plan for different segments of the river.

In the first year after construction, the proposed pipeline is expected to spill 13,512 gallons of petroleum into the soil, wetlands, and streams through which the pipeline passes. Statistically, the annual amount spilled will increase almost every year, leading to a cumulative release to the environment of over 900,000 gallons after fifty years. These projections are based on reliable national statistics, run through a nationally accepted spill model.

Conversely, river barges are expected to initially release 1,600 gallons of petroleum per year, with a cumulative spill of 49,000 gallons over fifty years.

Spills from a pipeline and a barge are much different. Spills from a pipeline often go undetected for long periods of time, and unlike river conditions, a spill from a pipeline cannot be cleaned up to existing pristine conditions. Identification and cleanup of releases from the proposed pipeline will be complicated by the mountainous and sensitive terrain through which the pipeline will pass. Under snow-packed areas of the Cascades, even massive spills may not be addressable until after the snow melts.

Unlike pipeline spills, identification of a spill from a barge is almost instantaneous, and cleanup is rarely complicated. The fact that petroleum floats on top of water makes for a relatively expedient and thorough cleanup process. Refined petroleum spills on a river are not analogous to crude oil spills on the ocean, because they are easier to contain, cleanup, and remediate.

The Council should look at one of the more serious historical spills occurring from each mode of transportation to get an understanding of the consequences of putting a pipeline in the Cascade Mountains.

In 1986, Olympic's Renton spill released an estimated 320,000 gallons of petroleum

1 underneath the Maplewood neighborhood. That spill went undiscovered for over six months. It  
2 contaminated soils, a stream, and groundwater that is still not completely cleaned up 13 years  
3 later. The cleanup is complicated by the fact that the petroleum saturated soil continues to  
4 release petroleum to the environment.

5 In 1994, Tidewater spilled an estimated 3,000 gallons of petroleum into the Columbia  
6 River. That spill was immediately identified, was cleaned up in a matter of days, and no longer  
7 presents a threat to the environment.

8 The proposed pipeline will put 227 miles of the environment at undue risk of becoming  
9 contaminated in the same fashion as Renton, Washington.

10 Finally, Olympic now suggests that it will double the risk to the environment by not  
11 replacing river transportation of petroleum, but will merely supplementing it. Instead of  
12 substituting barge spill risk for pipeline spill risk, the spill risks will simply be added together,  
13 doubling the environmental risk associated with petroleum transportation from western to eastern  
14 Washington.

15 **3. The proposed pipeline will have substantial negative economic consequences to the  
16 State of Washington, its citizens, and the economics of Washington wheat transportation.**

17 As originally proposed, the pipeline will displace petroleum barging on the Columbia  
18 River system. The effect of this would be the elimination of 89 Tidewater employees, and the  
19 loss of personal income of 5.7 million dollars. The indirect economic effect would be the loss of  
20 172 additional jobs, with personal income of over 5.5 million dollars.

21 Total job loss to the State of Washington would be 261 jobs with over 11 million dollars  
22 in personal income. Olympic proposes to replace this with approximately 8 pipeline jobs.  
23 Olympic's application does not quantify what positive economic benefits the pipeline offers to  
24 Washington, other than to suggest that it could reduce petroleum cost in central and eastern  
25 Washington. This lowering of transportation cost seems unlikely, given that the Yellowstone  
26 Pipeline already transports petroleum at or below Olympic's projected transportation cost.

1 The proposed pipeline threatens the grain-based communities of central and eastern  
2 Washington. Tidewater provides a vital, low cost mode of transporting grain from central and  
3 eastern Washington to export facilities on the lower Columbia River. If the proposed pipeline  
4 satisfies its goal of displacing petroleum barging on the river, grain transportation costs to those  
5 communities will almost certainly rise, and at best, will become unstable. Grain-based  
6 communities benefit substantially from a steady, consistent transportation system on the  
7 Columbia River. Petroleum transportation on the Columbia River helps to maintain lower  
8 transportation costs, and consistent service.

9 Grain and other agricultural producers drive economic prosperity east of Cascades. If the  
10 proposed pipeline supplants petroleum barging, grain barging costs are in danger or rising, and  
11 may lead to economic instability in those communities. This is not a gamble worth taking given  
12 the complete lack of need for an additional source of petroleum in central and eastern  
13 Washington.

14 **4. Site Certification for the proposed pipeline is not in the best interests of the State of  
15 Washington, either in the short term or the long term.**

16 The construction and operation of the proposed pipeline will impose an irreversible  
17 amount of environmental impact to the Cascade Mountain range, and to beautiful and pristine  
18 areas of the State of Washington, all to meet a 1,000 barrel per day annual increase in petroleum  
19 consumption.

20 This pipeline is not a solution to any purported “pressing need for increased energy  
21 facilities.” RCW 80.50.010. It does not address a shortage of petroleum, and all present and  
22 future demand can and will be met by the current multi-modal transportation system. The  
23 proposed pipeline is not likely to lower retail petroleum prices. If there is no pressing need, site  
24 certification should be rejected.

25 Even if the Council accepts as a proper “need” for this project Olympic’s wishes to pump  
26 more of its particular product to central and eastern Washington, there is a better, more cost

effective, and environmentally sound way to do it: replace, upgrade, and expand the north/south pipeline.

Olympic complains of its inability to get enough petroleum from Anacortes to Pasco due to a “bottleneck” on the pipeline running from Seattle to Portland. Yet, even if all of the product that is currently shipped down that line, put on barges, and taken to Pasco, were eliminated, the north/south line would still not have enough capacity to ship all of the product demanded in the greater Portland metropolitan area. If there is a “pressing need” for anything, it would be to replace, upgrade, and expand this line. Added benefits of addressing this line would be that Olympic could address the accumulated contamination from over 30 years of operation, and would be putting a line in what could properly be considered a “brownfield.”

If Olympic would tell EFSEC the whole story (including the chapter on the north/south pipeline) it is inescapable that this line must be addressed, just to serve western Oregon. If Olympic would commit to doing this now it would solve all of its problems: it could increase the amount of product shipped to Pasco, it could plan for all of the future growth in western Washington and Oregon (projected at over 2,000,000 over the next twenty years), and it could remediate and cleanup 30 years of operational spills.

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## 7 - TIDEWATER’S OPENING STATEMENT

## Conclusion

Olympic's Application does not meet the burden of showing that this project is needed, or that it would be beneficial to the State of Washington. On balance, the abundant supply of energy at reasonable cost in central and eastern Washington, the substantial excess supply already existing in central and eastern Washington, the environmental harm associated with constructing and operating a pipeline over the Cascade Mountains, and the threat to grain-based communities, is not outweighed by Olympic's desire to ship its product to Pasco via pipeline. Olympic has viable alternatives to addressing the bottleneck on its north/south pipeline which are either ignored or dismissed in the Application. Site certification for this project should be denied.

Thank you.

Dated this \_\_\_\_ day of April, 1999.

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By: \_\_\_\_\_

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